



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
October 26, 2010 1:00 p.m.
980 9th Street, Conference Center, 2nd Floor
Sacramento, California 95814

Chairwoman Marjorie Berte called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:00 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Marjorie Berte represented the Secretary of the Business, Transportation and Housing Agency.

Cynthia Bryant represented the Director of the Department of Finance.

Bettina Redway represented the State Treasurer.

Bill Leonard, Secretary of the State and Consumer Services Agency.

D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Roma Cristia-Plant, Paula Connors and Molly Arnold.

2. Executive Director's Report.

Assistant Executive Director Roma Cristia-Plant on behalf of Executive Director Stan Hazelroth reported to the Board the following:

- Executive Director Hazelroth was unable to attend the meeting since he was returning that day from a meeting held in Washington D.C. on Monday, October 25, 2010. The meeting covered economic events in a Post-American Recovery and Reinvestment Act World. Mr. Hazelroth presented information about the California I-Bank as a model for the National Infrastructure Bank.
- Updated the Board about recent events impacting the Imperial Irrigation District (IID) potential loan guarantee, including provisions of Senate Bill 856, and indicated that staff would be meeting with IID staff in the near future to discuss the next steps in the guarantee process.
- The 2010 I-Bank audit that each board member was provided and informed the board that there were no audit findings and the audit resulted in:
 - Earned operating income of approximately \$3.4 million, principally due to the interest earnings from Infrastructure State Revolving Fund Program loans.
 - I-Bank total Net Assets of approximately \$266 million.

Consent Item:

3. Approve minutes from the meeting held on September 21, 2010.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve this consent item. Ms. Bryant moved to approve the minutes and Mr. Leonard seconded the motion. The minutes were unanimously approved.

Action Items:

4. Resolution No. 10-32 approving a first supplemental indenture and a first supplemental loan agreement to clarify the scope of the economic development facility to be financed with proceeds of the California Infrastructure and Economic Development Bank's Variable Rate Demand Revenue Bonds, Series 2010 (Buck Institute for Age Research), which were initially issued for the benefit of the Buck Institute for Age Research to finance an economic development facility in the City of Novato, California.

Ms. Connors presented a staff report describing the request to approve an amendment to certain I-Bank bond documents to expand the project definition for approved bonds for the Buck Institute for Age Research. She explained that the Institute learned that construction costs were below initial estimates, which allowed for bond proceeds to also fund parking capital improvements, and that the amendment does not change the maximum amount of bonds or any other terms previously approved by the Board. Ms. Connors introduced Lina Thorson, bond counsel with Orrick, Herrington & Sutcliffe.

Chairwoman Berte called for questions or comments from the Board or the public. Hearing none, she entertained a motion to approve Resolution No 10-32. Mr. Rice moved to approve the resolution and Ms. Redway seconded the motion. The Board unanimously approved the resolution.

5. Resolution No. 10-33 approving an amended and restated indenture and an amended and restated loan agreement and certain additional documents in connection with the substitution of security for, the addition of a monthly rate period for and the tax-reissuance of the California Infrastructure and Economic Development's Bank Variable Rate Demand Revenue Bonds, Series 2008 (St. Margaret's Episcopal School), which were initially issued for the benefit of St. Margaret of Scotland Episcopal School to finance an economic development facility in the City of San Juan Capistrano, California.

Ms. Connors presented a staff report describing the request to approve an amendment of certain I-Bank bond documents to facilitate a proposed substitution of a letter of credit and add a new interest rate mode. She described the 2008 Series bonds were used to finance and refinance costs of construction of facilities at St. Margaret's Episcopal School. She explained the recent downgrading of Allied Irish Banks p.l.c. required a new credit facility, that St. Margaret's

Episcopal School is proposing to replace the Allied Irish Banks p.l.c. letter of credit with a letter of credit from First Republic Bank supported by a standby letter of credit from the Federal Home Loan Bank, which will result in 'AAA' rated bonds. Ms. Connors ended her report by introducing Lina Thorson, who is bond counsel with Orrick, Herrington & Sutcliffe.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve Resolution No. 10-33. Mr. Leonard moved to approve the resolution and Ms. Bryant seconded the motion. The Board unanimously approved the resolution.

6. Resolution No. 10-34 approving a first supplemental indenture and a first amendment to loan agreement in connection with the substitution of security for and the extension of maturity date and tax-reissuance of the California Infrastructure and Economic Development Bank's Variable Rate Demand Revenue Bonds, Series 2001 (East Bay SPCA Project), which were initially issued for the benefit of East Bay Society for the Prevention of Cruelty to Animals to finance an economic development facility in the City of Dublin, California.

Ms. Connors presented a staff report in which she described the request to approve an amendment of certain I-Bank bond documents to facilitate a proposed substitution of a letter of credit. She described the 2000 and 2001 I-Bank bonds were used to finance a new facility for the East Bay SPCA. She reported a recent downgrading of Allied Banks p.l.c. required a new credit facility, and that the East Bay SPCA is proposing to replace the Allied Irish Banks p.l.c. letter of credit with a letter of credit from First Republic Bank. She also mentioned that the recommendation for approval of the resolution is conditioned on no material public comment or objection to the Project or the amendment at a Tax Equity and Fiscal Responsibility Act hearing to be held subsequent to the Board meeting. If there are any comments or objections, she indicated staff will return to the Board for further action. She ended her report by introducing Dan Bronfman, financial advisor with Growth Capital Associates.

Chairwoman Berte called for questions or comments from the Board and the public. Hearing none, she entertained a motion to approve Resolution No. 10-34. Mr. Leonard moved to approve the resolution and Ms. Redway seconded the motion. The Board unanimously approved the resolution.

Other Non-Action Business.

Chairwoman Berte called for any other business; there was none.

Public Comment.

Chairwoman Berte called for any public comment; there was none.

Adjournment.

Chairwoman Berte declared the meeting adjourned at approximately 1:20 p.m.